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FOR IMMEDIATE RELEASE

Mayor Tim Kelly launches \$100 million affordable housing initiative to create and preserve thousands of homes

The City of Chattanooga will catalyze the effort with a \$33 million commitment in the City's upcoming FY23 budget, funding the first third of the historic \$100 million effort.

Chattanooga, Tenn. (Thursday, March 31) — Chattanooga Mayor Tim Kelly on Thursday announced his administration will mobilize \$100 million in investment for affordable housing over the next five years, creating and preserving thousands of homes that residents can afford—the largest such effort in city history.

Kelly has committed to contributing \$33 million in the fiscal year 2023 budget to kick off the transformative project, with the remaining \$66 million to come from a combination of partners across the nonprofit, philanthropic and private sectors.

The initiative, which is 20 times larger than a previous city effort, will bring together local philanthropy, nonprofits, local banks and credit unions, and housing providers to begin filling an estimated housing gap of more than 5,000 homes across Chattanooga. The first projects are expected to receive funding before the end of 2022.

Why now? Median housing prices in Chattanooga have increased 80.7% since 2015, leaving 43% of renters defined as “housing burdened,” or spending more than 30% of their income on housing. And 22% of renters are “housing insecure,” defined as spending more than half of their income on housing costs—putting them at risk of eviction or foreclosure.

“We stand the very real risk of becoming a city where lifelong Chattanooga residents cannot afford to live, and that is flatly unacceptable,” Kelly said. “That’s why over the next five years, my administration will mobilize the resources necessary to build thousands of affordable homes.”

Kelly’s plan leverages private sector investments to ensure taxpayer dollars go further by unlocking capital that is currently flowing into other investment vehicles that benefit out-of-town institutions and projects. By opening the door to partners to invest in creating and preserving local homes that Chattanooga residents can afford, the city is ensuring its dollars are multiplied as it closes the housing gap.

The city’s \$33 million commitment will be included in the city’s upcoming FY23 budget and will draw on a number of funding sources, including federal resources from the Bipartisan Infrastructure Legislation (BIL) and the American Rescue Plan Act made possible by the Biden administration as well as from the city’s general fund. There will be no tax increase to pay for the plan.

Once activated, funds will flow into site acquisition, public-private partnerships, gap financing, down-payment assistance, and owner-occupied rehabilitation. The city is targeting housing across the affordability spectrum up to 120% Area Median Income (AMI)—from supportive or transitional housing to missing-middle and workforce housing.

Kelly drew inspiration for his plan from similar successful projects in Renton, Washington; San Antonio, Texas; Raleigh, North Carolina; Charlotte, North Carolina; and others.

The city will make more details about the program available in the coming weeks and months in coordination with its philanthropic, nonprofit and private partners.

To get involved, visit cha.city/housinginitiative to sign up for updates.

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